

**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Independent Auditor's Report

Robert Donley, Executive Director
Board of Regents
State of Iowa


I, Mary Mosiman, CPA, the duly elected Auditor of State, State of Iowa, being first duly sworn, do hereby depose and certify that I am a duly qualified and practicing certified public accountant; and that I am not in the regular employ of the Board of Regents, State of Iowa, or of the State University of Iowa.

We have audited the accompanying Schedule of Debt Service and Coverage (Schedule) for the State University of Iowa as of September 22, 2016 for the Dormitory Revenue Refunding Bonds, Series S.U.I. 2010, dated March 1, 2010; Dormitory Revenue Refunding Bonds, Series S.U.I. 2011, dated April 1, 2011; Dormitory Revenue Refunding Bonds, Series S.U.I. 2012, dated June 28, 2012; Dormitory Revenue Bonds Series S.U.I. 2012A, dated August 1, 2012; Dormitory Revenue Bonds Series S.U.I. 2014, dated February 1, 2014; and Dormitory Revenue Bonds, Series S.U.I. 2015, dated September 1, 2015 (collectively, the "Parity Bonds") and for the Dormitory Revenue Bonds Series S.U.I. 2016, which are scheduled for settlement (the "Bonds") prepared pursuant to the Parity Bonds section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds. The Schedule is the responsibility of the State University of Iowa's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Schedule has been prepared in accordance with the Parity Bond section of the resolutions adopted by the Board of Regents, State of Iowa authorizing the Bonds and the State University of Iowa is in compliance with the requirement the net revenues of the Residence Services System (as defined in the Parity Bond Resolutions) collected by the State University of Iowa during the year ended June 30, 2015 is equal to at least 135% of the maximum amount for both principal and interest that will become due in any fiscal year during the life of (a) the Parity Bonds outstanding as of June 30, 2015 and (b) the Dormitory Revenue Bonds, Series S.U.I. 2016 which are scheduled for settlement pursuant to a resolution adopted by the Board of Regents, State of Iowa dated September 22, 2016.

This report is solely for the information and use of the Board of Regents, State of Iowa, management of the State University of Iowa and Ahlers & Cooney, P.C., and should not be used for any other purpose.


Mary Mosiman, CPA
Auditor of State

September 22, 2016

State University of Iowa
Dormitory System Revenue Bonds

Schedule of Debt Service and Coverage

Fiscal Year Ending June 30,	The Bonds		Debt	Total Debt Service	Coverage Fiscal Year 2015 Net Revenues (c)
	Principal	Principal and Interest (a)	Service Outstanding Parity Bonds (b)		
2017	\$ -	645,188	9,551,288	10,196,476	1.82
2018	-	860,250	9,515,787	10,376,037	1.79
2019	-	860,250	9,910,538	10,770,788	1.72
2020	-	860,250	10,212,237	11,072,487	1.67
2021	100,000	960,250	9,616,688	10,576,938	1.75
2022	1,330,000	2,188,250	7,913,437	10,101,687	1.84
2023	1,360,000	2,191,650	8,094,838	10,286,488	1.80
2024	1,395,000	2,199,450	7,829,787	10,029,237	1.85
2025	1,430,000	2,206,550	6,198,688	8,405,238	2.21
2026	1,465,000	2,212,950	6,206,637	8,419,587	2.20
2027	1,505,000	2,223,650	6,205,538	8,429,188	2.20
2028	1,540,000	2,228,550	6,213,718	8,442,268	2.20
2029	1,580,000	2,237,750	6,220,619	8,458,369	2.19
2030	1,620,000	2,244,175	6,230,956	8,475,131	2.19
2031	1,660,000	2,247,725	6,234,282	8,482,007	2.19
2032	1,700,000	2,248,300	6,235,431	8,483,731	2.19
2033	1,750,000	2,255,800	6,266,963	8,522,763	2.18
2034	1,795,000	2,257,050	4,317,175	6,574,225	2.82
2035	1,845,000	2,259,931	2,405,094	4,665,025	3.97
2036	1,900,000	2,266,500	2,412,019	4,678,519	3.96
2037	1,960,000	2,274,250	2,421,319	4,695,569	3.95
2038	2,020,000	2,275,450	2,432,818	4,708,268	3.94
2039	2,090,000	2,284,850	2,446,344	4,731,194	3.92
2040	2,165,000	2,297,150	2,458,875	4,756,025	3.90
2041	2,240,000	2,307,200	-	2,307,200	8.03
Total	<u>\$ 34,450,000</u>	<u>49,093,369</u>	<u>147,551,076</u>	<u>196,644,445</u>	

(a) Includes the bond principal and interest at a TIC rate 2.7243306% for the Series 2016 Bonds.

(b) Excludes Series S.U.I. 2016 Dormitory Revenue Bonds.

As of September 22, 2016, the outstanding principal is in the aggregate amount of \$115,685,000.

(c) Fiscal Year 2015 Net Revenues

Operating revenues	\$ 69,327,760
Operating expenditures before depreciation	(51,505,539)
Operating income before depreciation	<u>17,822,221</u>
Add: Investment income	715,068
Net Revenues	<u>\$ 18,537,289</u>